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*Information and External Relations*

Paris, 6 May 2014

# Tax on financial transactions: a heavy blow for companies and European growth

Finance ministers have just announced the gradual introduction of a tax on European financial transactions (TEFT) in eleven Member States of the European Union. This decision will create a considerable disadvantage for the economies of the eleven countries in question and for the funding of their companies.

The FBF reiterates its opposition to such a tax on companies , financial intermediaries and investors, which is being introduced at a particularly counterproductive time when the economy appears to be capable of a rebound.

The TEFT would trigger a loss of competitiveness for French companies at a time when, driven by European regulations, they must increasingly resort to the financial markets to fund and develop their investments. It would distort competition between financial centers and weaken the Paris Stock Exchange.

The TEFT could in fact provoke the offshoring of whole segments of financial activities when companies need to procure funding (equities) and hedge their risks (derivatives) on the market. The introduction of national taxes in France and Italy has already led to a marked drop in trading volumes[1]. The European Commission's revenue forecasts are in no way based on reality, and the tax on financial transactions for 11 Member States would lead to a net loss of tax revenue.


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[1] France introduced a tax on equity transactions on 1 August 2012. Its impact was a marked drop in transactions of around 20% when the tax was introduced and of 10% over the medium term (Source AMF, April 2014).